

Message Text

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C O N F I D E N T I A L QUITO 8647

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, ENRG, EC

SUBJECT: A "CONSPIRACY" AGAINST ECUADOR?

REF: QUITO 8413

1. I HAVE BEEN CONCERNED FOR SOME TIME THAT THE GOE WOULD LINK CERTAIN PETROLEUM RELATED BILATERAL ISSUES (TEXACO-GULF REFUSAL TO LIFT OIL, SENATE EXCLUSION OF OPEC COUNTRIES FROM GSP, IFI LENDING POLICIES, AID PHASEOUT) WITH HIGH LEVEL US STATEMENTS ON OIL PRICES AND THE ACTIVITY TO ORGANIZE INDUSTRIAL OIL CONSUMERS. ADDING TWO AND TWO, THE GOVERNMENT OF THIS UNSURE-OF-ITSELF COUNTRY IS CAPABLE OF COMING UP WITH THE FIVE OF INTERNATIONAL CONSPIRACY AND BOYCOTT OF ECUADOR. CERTAINLY THE FORMER MINISTER OF NATURAL RESOURCES WOULD HAVE TAKEN THIS LINE IF THESE ISSUES AND DEVELOPMENTS HAD CRYSTALLIZED BEFORE HE LEFT OFFICE. HOWEVER, ALTHOUGH GOE RHETORIC IN DEFENSE OF ITS NATURAL RESOURCES REMAINS CONSTANT, SPECIFIC OFFICIAL COMMENT ON RECENT US STATEMENTS AND CONSUMER GROUP ACTIVITIES IS CONSPICUOUSLY ABSENT AND OFFICIAL COMMENT ON THE SHARP REDUCTION OF ECUADOREAN OIL EXPORTS HAS BEEN SPARSE AND OBFUSCATORY. I ASSUME THE GOE IS RETHINKING THINGS, AND IT IS HIGH TIME THAT IT SHOULD.

2. NEVERTHELESS IN RECENT DAYS THE PRESS IS BEGINNING
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TO STEP INTO THIS VOID AND WITH LIMITED INFORMATION AND

OBSERVATION IS SHOWING SIGNS OF CONCLUDING THAT A CONSPIRACY AND BOYCOTT ARE IN OPERATION. QUITO'S EL TIEMPO CARRIED THE MOST STRIDENT COLUMN ON THIS SUBJECT (WRITTEN BY THE PRESIDENT OF THE NATIONAL JOURNALISM SOCIETY) NOTING THE COINCIDENCE OF THE "VIOLENT REDUCTION" OF OIL EXPORTS WITH THE "VIOLENT AGGRESSION OF US POLICY AGAINST OPEC" AND SUGGESTING THAT ECUADOR, AS LEAST EXPERIENCED OF THE PETROLEUM COUNTRIES "HAS BEEN SELECTED TO BE GRABBED BY THE NECK AND MADE TO JUMP" (QUITO 8453). EVEN THE CAREFUL EL COMERCIO, ALTHOUGH ADMITTING THAT THE PRICE OF ECUADOR'S CRUDE MAY BE OUT OF LINE, OBSERVED "IT CANNOT BE IGNORED THAT POWERFUL WESTERN INDUSTRIALIZED COUNTRIES WANT TO BLAME THE SELLERS OF PETROLEUM AND THEIR PRICE CHANGES AND HOLD THEM RESPONSIBLE FOR THE WHOLE PRESENT ECONOMIC PANORAMA". GUAYAQUIL'S EL UNIVERSO IN A FRONT PAGE ARTICLE RAISED THE SPECTRE OF A COMMERCIAL WAS IN WHICH SMALL COUNTRIES LIKE ECUADOR ARE BOUND TO GET HURT. THE CURRENT ISSUE OF VISTAZO MAGAZINE TERMS THE IEA AS PART OF A BOYCOTT CAMPAIGN LED BY THE US AND ASSERTS THAT THIS BOYCOTT IS THE SOURCE OF THE ECUADOREAN STATE OIL COMPANY'S MARKETING DIFFICULTIES.

3. A FEW PRESS ARTICLES DO NOT MAKE POLICY, AT LEAST NOT HERE. HOWEVER, IF THE GOE SELLS ITSELF ON CONSPIRACY AND BOYCOTT AS EXPLANATIONS FOR ITS PROBLEMS, THIS CAN SOUR OUR RELATIONS IN GENERAL, COMPLICATE RESOLUTION OF OUTSTANDING BILATERAL ISSUES, AND SPILL OVER INTO THE OVERALL US DIALOGUE WITH LATIN AMERICA. PRESIDENT RODRIGUEZ, DISCUSSING WITH ME REDUCTION OF US ASSISTANCE, HINTED MOST DELICATELY AT THE LIKELIHOOD OF CONSPIRATORIAL EXPLANATIONS WHEN HE OBSERVED THAT A REDUCTION WOULD BE SEEN AND REPORTED "BY OTHER AMBASSADORS HERE" AS A REACTION TO ECUADOR'S MEMBERSHIP IN OPEC, ITS DEFENSE OF ITS NATURAL RESOURCES, ETC. (QUITO 8413).

4. THE AID ISSUE NONETHELESS IS A LESS LIKELY TRIPWIRE FOR CONSPIRACY THEORIES THAN IS THE ISSUE OF PETROLEUM PRICES AND EXPORTS, NOW COMING TO A CRITICAL POINT.
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UPON HIS RETURN FROM OPEC MINISTER NATURAL RESOURCES SALAZAR WILL BE HOUNDED BY THE PRESS FOR EXPLANATIONS AND SOLUTIONS. TEXACO AND GULF WAIT CALMLY AND FIRMLY, IF SOMEWHAT SMUGLY, FAR A PRICE REDUCTION AND ARE APPARENTLY UNWILLING TO MAKE ANY GESTURE OF GOODWILL IN THE MEANTIME. ALTHOUGH THE PRIVATE INDICATIONS THAT THE GOE WANTS TO GET ITS PRICES BACK IN LINE WITH THE MARKET ARE ENCOURAGING, THE DIFFICULTY CANNOT BE UNDER-

ESTIMATED. TIME AND AGAIN THE GOE CREATES DIFFICULT SITUATIONS IMPULSIVELY AND THEN HAS GREAT PROBLEMS FINDING A WAY OUT. THEN TOO, THIS GOVERNMENT HAS BECOME ACCUSTOMED TO EVER-INCREASING PRICES AND TAXES ON OIL SINCE IT CAME TO POWER IN 1972. UNDERSTANDABLY BUT REGRETTABLY, THE RHETORIC ALWAYS EXPLAINED THESE INCREASES AS THE PRODUCT OF COURAGEOUS NATIONAL POLICY, NOT AS MOVEMENTS IN RESPONSE TO THE MARKET. THUS, ALTHOUGH THE STATE OIL COMPANY IS LEGALLY FREE TO SELL ITS OIL FOR WHAT IT CAN GET, EVEN WITHOUT OPEN BIDDING, IT HAS IN PRACTICE FELT UNABLE TO LOWER ITS SIGHTS TO MARKET OFFERS SINCE AUGUST. THEREFORE STORAGE TANKS ARE FULL AND THE GOE IS HEADED FOR A FISCAL CRISIS.

5. SINCE I MUST GET BACK TO PRESIDENT RODRIGUEZ SOON ON THE SUBJECTS DISCUSSED ON DECEMBER 10 (REFTEL), I PROPOSE TO TRY TO DETER THE ABOPTION OF A CONSPIRACY THEORY. THE AGREEMENT AT MARTINIQUE HELPS BECAUSE IT UNDERSCORES AND MAKES CONCRETE THE US COMMITMENT TO A COURSE OF COOPERATION AND DIALOGUE OF PETROLEUM CONSUMING AND PRODUCING COUNTRIES. I WILL DRAW UPON THE GUIDANCE IN STATE 276016 IN EXPLAINING THE MARTINIQUE COMMUNIQUE. FURTHER, I REQUEST I BE INSTRUCTED TO ASSURE PRESIDENT RODRIGUEZ THAT THE USG HAS NO CONSPIRATORIAL OR PUNITIVE DESIGNS AGAINST ECUADOR, THAT TO USG KNOWLEDGE US OIL FIRMS DO NOT EITHER, AND THAT WE DO NOT VIEW OR INTEND OUR EVOLVING RELATIONSHIP TO BE A DETERIORATING ONE.

6. PLEASE ADVISE.
BREWSTER

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